

Kelemen & Stephens, PLLC

Certified Public Accountants
A Professional Limited Liability Company

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To the Board of Directors
SKS Construction, Inc.
Fredericksburg, Virginia

Management is responsible for the accompanying interim financial statements of SKS Construction, Inc. (an S corporation), which comprise the statement of assets, liabilities and stockholders' equity- income tax basis as of December 31, 2020 and 2019, and the related statement of revenue and expense- income tax basis for the one month and twelve months then ended in accordance with income tax basis of accounting, and for determining that the income tax basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the interim financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these interim financial statements.

The interim financial statements are prepared in accordance with the income tax basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Management has elected to omit substantially all of the disclosures ordinarily included in interim financial statements prepared in accordance with the income tax basis of accounting. If the omitted disclosures were included in the interim financial statements, they might influence the user's conclusions about the Company's assets, liabilities, equity, revenues and expenses. Accordingly, the interim financial statements are not designed for those who are not informed about such matters.

KELEMEN & STEPHENS, PLLC
Certified Public Accountants

May 27, 2021

SKS CONSTRUCTION INC
STATEMENT OF ASSETS, LIABILITIES AND STOCKHOLDERS' EQUITY- INCOME TAX BASIS
AS OF DECEMBER 31, 2020 AND 2019

ASSETS

	2020	2019
CURRENT ASSETS		
Petty Cash	\$ 1,775.00	\$ 1,775.00
Operating Account- VACB	20,760.64	25,596.57
Payroll Account	211.35	211.35
Savings Account	0.02	0.02
Payroll Account- VACB	(10,666.09)	(14,617.69)
Investments	19,499.16	23,972.66
Advances to Employees	23,584.12	24,280.12
Due from ADP	263.52	263.52
Prepaid Wages	0.00	1,700.00
TOTAL CURRENT ASSETS	<u>55,427.72</u>	<u>63,181.55</u>
PROPERTY AND EQUIPMENT		
Land	52,259.45	52,259.45
Vehicles & Trailers	676,426.43	687,332.76
Equipment	129,908.91	129,908.91
Heavy Machinery	2,368,736.45	3,562,906.45
Furniture and Fixtures	30,527.58	30,527.58
Building Improvements	48,676.60	48,676.60
Section 179 C/O	67,000.00	67,000.00
Less Accumulated Depreciation	(3,054,112.61)	(3,836,400.22)
NET PROPERTY AND EQUIPMENT	<u>319,422.81</u>	<u>742,211.53</u>
OTHER ASSETS		
Loan Fees	20,823.50	20,823.50
Other Asset- Ford Lease	18,547.81	26,455.04
Accumulated Amortization	(14,180.29)	(12,809.60)
TOTAL OTHER ASSETS	<u>25,191.02</u>	<u>34,468.94</u>
TOTAL ASSETS	<u>\$ 400,041.55</u>	<u>\$ 839,862.02</u>

SKS CONSTRUCTION INC
STATEMENT OF ASSETS, LIABILITIES AND STOCKHOLDERS' EQUITY- INCOME TAX BASIS
AS OF DECEMBER 31, 2020 AND 2019

LIABILITIES AND STOCKHOLDERS' EQUITY

	2020	2019
CURRENT LIABILITIES		
Loans from Stockholder - SZ	\$ 37,800.00	\$ 25,000.00
Loans from Stockholder - JZ	171,016.04	145,916.04
Due to Steve	7,168.82	4,598.82
Credit Card Payable - Caterpillar	59,171.66	52,870.71
Federal & FICA Withheld	78,651.68	0.00
State Taxes Withheld	14,930.64	0.00
Accrued Payroll Taxes	213.68	0.00
Unredeemed Payroll Checks	17,576.60	16,854.78
Due to Gemini Land Development	111,368.09	120,968.09
Notes Payable Current	<u>340,724.10</u>	<u>456,619.07</u>
TOTAL CURRENT LIABILITIES	<u>838,621.31</u>	<u>822,827.51</u>
LONG-TERM LIABILITIES		
Note Payable- VA Community Bank	845,365.66	910,272.39
Note Payable- SBA Loan	150,000.00	0.00
Note Payable- 2020 Ford Explorer	59,569.42	0.00
N/P 2016 Silverado	34,592.22	39,959.59
N/P 2015 Volvo A25G	0.00	276,176.21
N/P- Cat CP56B	82,236.61	95,205.82
N/P Komatsu PC390	0.00	78,201.62
N/P 2019 Ford Lease	18,547.81	26,455.04
N/P- Wells Fargo Brushcat	0.00	1,754.87
N/P- Komatsu GR-5	12,702.81	12,702.81
N/P- Komatsu Dozer	0.00	50,824.08
N/P Wells Fargo Trench Roller	21,183.83	25,952.50
N/P 2018 Takeuchi Excavator	118,063.48	134,066.53
N/P- 2016 Ford Super Duty	13,683.58	21,709.46
N/P- 2014 F150	12,351.31	16,783.50
N/P- 2016 Ford F-150	12,620.34	20,013.56
N/P- Ally Tahoe	0.00	35,084.98
N/P- 2017 Ford F150	16,365.45	23,497.38
Less Current Portion	<u>(340,724.10)</u>	<u>(456,619.07)</u>
TOTAL LONG-TERM LIABILITIES	<u>1,056,558.42</u>	<u>1,312,041.27</u>
TOTAL LIABILITIES	<u>1,895,179.73</u>	<u>2,134,868.78</u>
STOCKHOLDERS' EQUITY		
Acc. Other Comprehensive Income	1,961.83	6,435.33
Distribution to Stockholders	0.00	(93.74)
Capital Stock	1,000.00	1,000.00
Paid in Capital	415,107.71	415,107.71
Retained Earnings	(1,717,549.80)	(1,543,013.01)
Current Earnings	<u>(195,657.92)</u>	<u>(174,443.05)</u>
TOTAL STOCKHOLDERS' EQUITY	<u>(1,495,138.18)</u>	<u>(1,295,006.76)</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 400,041.55</u>	<u>\$ 839,862.02</u>

SKS CONSTRUCTION INC
STATEMENT OF REVENUE AND EXPENSE- INCOME TAX BASIS
FOR THE ONE MONTH AND TWELVE MONTHS ENDED
DECEMBER 31, 2020 AND 2019

	<u>1 Month Ended</u>		<u>1 Month Ended</u>		<u>12 Months Ended</u>		<u>12 Months Ended</u>	
	<u>Dec 31, 2020</u>	<u>%</u>	<u>Dec 31, 2019</u>	<u>%</u>	<u>Dec 31, 2020</u>	<u>%</u>	<u>Dec 31, 2019</u>	<u>%</u>
INCOME								
Job Income	\$ 37,131.71	79.46	\$ 100,498.50	91.28	\$ 1,011,443.57	99.06	\$ 4,460,934.08	99.79
Rental Income	9,600.00	20.54	9,600.00	8.72	9,600.00	0.94	9,600.00	0.21
TOTAL INCOME	<u>46,731.71</u>	<u>100.00</u>	<u>110,098.50</u>	<u>100.00</u>	<u>1,021,043.57</u>	<u>100.00</u>	<u>4,470,534.08</u>	<u>100.00</u>
COST OF CONSTRUCTION								
Material and Supplies	10,284.25	22.01	1,333.29	1.21	247,425.80	24.23	1,218,564.02	27.26
Equipment Rental	1,693.10	3.62	50,972.07	46.30	115,293.29	11.29	287,953.80	6.44
Salaries- Other	27,198.30	58.20	39,504.00	35.88	378,749.80	37.09	840,481.38	18.80
Other Job Fees	200.00	0.43	(480.00)	(0.44)	35,577.99	3.48	433,374.08	9.69
Subcontractors	2,690.00	5.76	75,931.46	68.97	166,110.07	16.27	464,684.93	10.39
Drafting/Engineering	0.00	0.00	0.00	0.00	0.00	0.00	98.00	0.00
TOTAL COST OF CONSTRUCTION	<u>42,065.65</u>	<u>90.02</u>	<u>167,260.82</u>	<u>151.92</u>	<u>943,156.95</u>	<u>92.37</u>	<u>3,245,156.21</u>	<u>72.59</u>
GROSS PROFIT	<u>4,666.06</u>	<u>9.98</u>	<u>(57,162.32)</u>	<u>(51.92)</u>	<u>77,886.62</u>	<u>7.63</u>	<u>1,225,377.87</u>	<u>27.41</u>
OPERATING EXPENSES								
Accounting	0.00	0.00	0.00	0.00	10,176.98	1.00	10,400.00	0.23
Casual Labor	0.00	0.00	317.00	0.29	1,550.00	0.15	917.00	0.02
Bad Debts	0.00	0.00	0.00	0.00	0.00	0.00	258,691.46	5.79
Contributions	233.10	0.50	0.00	0.00	233.10	0.02	2,900.00	0.06
Depreciation	11,483.08	24.57	42,997.22	39.05	182,591.42	17.88	363,707.32	8.14
Dues and Subscriptions	0.00	0.00	0.00	0.00	39.99	0.00	39.99	0.00
Employee Benefits	0.00	0.00	0.00	0.00	2,003.54	0.20	12,089.41	0.27
Insurance	7,207.95	15.42	8,763.61	7.96	100,755.45	9.87	109,898.46	2.46
Interest	21.52	0.05	18,326.23	16.65	56,407.34	5.52	120,735.15	2.70
Lease Expense	0.00	0.00	754.20	0.69	9,050.40	0.89	754.20	0.02
Legal	0.00	0.00	(6,000.00)	(5.45)	0.00	0.00	8,729.78	0.20
Miscellaneous	0.00	0.00	0.00	0.00	1,231.91	0.12	1,887.11	0.04
Office Expense	454.35	0.97	390.07	0.35	8,176.64	0.80	16,571.00	0.37
Rent	3,000.00	6.42	3,000.00	2.72	33,000.00	3.23	36,000.00	0.81
Repairs and Maintenance	447.74	0.96	373.66	0.34	23,741.19	2.33	94,234.22	2.11
Salaries-Officers	51,533.02	110.27	40,908.00	37.16	183,033.02	17.93	116,588.00	2.61
Supplies & Uniforms	0.00	0.00	0.00	0.00	402.10	0.04	310.81	0.01
Taxes-Payroll	3,497.58	7.48	3,833.13	3.48	42,000.96	4.11	72,755.32	1.63
Taxes and Licenses	240.00	0.51	14,610.70	13.27	5,175.16	0.51	65,815.70	1.47
Telephone	0.00	0.00	1,665.68	1.51	16,154.36	1.58	16,032.40	0.36
Training	0.00	0.00	0.00	0.00	927.32	0.09	272.68	0.01
Utilities	339.38	0.73	1,143.00	1.04	13,730.35	1.34	14,318.00	0.32
Vehicle Expense	0.00	0.00	8,334.92	7.57	8,621.69	0.84	36,927.96	0.83
Penalties	9,526.35	20.39	7,813.08	7.10	9,612.58	0.94	8,281.73	0.19
Officer's Health Insurance	(30,840.00)	(65.99)	(27,418.00)	(24.90)	0.00	0.00	0.00	0.00
Officer's Life Insurance	0.00	0.00	0.00	0.00	47,648.29	4.67	30,963.22	0.69
TOTAL OPERATING EXPENSES	<u>57,144.07</u>	<u>122.28</u>	<u>119,812.50</u>	<u>108.82</u>	<u>756,263.79</u>	<u>74.07</u>	<u>1,399,820.92</u>	<u>31.31</u>
OPERATING INCOME (LOSS)	<u>(52,478.01)</u>	<u>(112.30)</u>	<u>(176,974.82)</u>	<u>(160.74)</u>	<u>(678,377.17)</u>	<u>(66.44)</u>	<u>(174,443.05)</u>	<u>(3.90)</u>

SKS CONSTRUCTION INC
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FOR THE ONE MONTH AND TWELVE MONTHS ENDED
DECEMBER 31, 2020 AND 2019

	<u>1 Month Ended</u>		<u>1 Month Ended</u>		<u>12 Months Ended</u>		<u>12 Months Ended</u>	
	<u>Dec 31, 2020</u>	<u>%</u>	<u>Dec 31, 2019</u>	<u>%</u>	<u>Dec 31, 2020</u>	<u>%</u>	<u>Dec 31, 2019</u>	<u>%</u>
OTHER INCOME (EXP)								
Gain on Sale of Assets	237,507.92	508.24	0.00	0.00	146,625.26	14.36	0.00	0.00
Other Income	(237,507.92)	(508.24)	0.00	0.00	167,693.99	16.42	0.00	0.00
Non-taxable Income (PPP)	0.00	0.00	0.00	0.00	158,400.00	15.51	0.00	0.00
Non-taxable Income (EIDL)	0.00	0.00	0.00	0.00	10,000.00	0.98	0.00	0.00
TOTAL OTHER INCOME (EXP)	0.00	0.00	0.00	0.00	482,719.25	47.28	0.00	0.00
NET INCOME (LOSS)	<u>\$ (52,478.01)</u>	<u>(112.30)</u>	<u>\$ (176,974.82)</u>	<u>(160.74)</u>	<u>\$ (195,657.92)</u>	<u>(19.16)</u>	<u>\$ (174,443.05)</u>	<u>(3.90)</u>